Miscellaneous information

32 Share-based payments

Participation programme

In the financial year 2008, MLP launched a participation programme for office managers, consultants and employees in order to keep them loyal to the company in the long-term. The programme grants a certain number of phantom shares (stock appreciation rights – SARs) for office managers and consultants based on their sales performance in the core fields of old-age provision, health insurance and wealth management, as well as for employees based on their position and gross annual income. The SARs of the 2008-2011 tranches were allocated in 2009-2012. The assessment period for determining the number of SARs allocated was the calendar year prior to the respective allocation. The total term of each tranche is 12 years and is broken down into 3 phases of 4 years each. The first year of phase 1 represents the assessment period, from which the number of phantom shares to be allocated is calculated. At the start of the second year, the phantom shares are then allocated. Payment of the phantom shares is made no earlier than at the end of the first phase, i.e. 3 years after allocation of the SARs. At the end of the first phase, employees can also choose not to receive payment for the SARs and instead continue to participate in phase 2 (turbo I phase). Only in this case will they receive additional bonus SARs. And anyone who is eligible but chooses not to receive payment at the end of phase 2, but rather continue to phase 3 (turbo II phase), will be granted further bonus SARs. All SARs are paid no later than at the end of phase 3. In the event of termination of employment, all entitlements granted up to this time expire, assuming they have not been vested beforehand. The SARs originally granted become vested at the end of the first phase, the bonus SARs of turbo I phase at the end of phase 2 and those of turbo II at the end of phase 3. Participation in the programme ends with termination of employment or disbursement of SARs.

The level of payment is based on the value of one MLP share at the time payment is requested. A share price guarantee is in place for all previous tranches, although this expires if the eligible participant decides to continue participation in the programme beyond phase 1. If an eligible participant decides to receive the payout to which he or she is entitled from the tranche once phase 1 has expired, the value he or she receives is based on either the share price guarantee or the current MLP share price (whichever is the higher value) multiplied by the number of phantom shares held from phase 1. At all other payout times, eligible participants receive the current share price multiplied by the number of vested phantom shares held.

If the contractual relationship with an eligible participant ends at a time before December 31 in the twelfth year of eligibility, said participant can only demand payment of entitlements pertaining to the number of vested phantom shares held up to this time. Phantom shares allocated from vesting periods not yet completed are then forfeited.

With the 2011 tranche, the participation programme was granted for the last time. It was stopped completely from 2012 onwards.

In terms of eligibility, the 3 phases each represent completed vesting periods. Accordingly, the expenses due to the SARs originally granted are distributed over phase 1 (years 1 to 4), the expenses due to the bonus SARs of turbo I phase over years 5 to 8 and the expenses due to the bonus SARs of turbo II phase over years 9 to 12 (no front-loaded recognition of expenses).

	Tranche 2008	Tranche 2009	Tranche 2010	Tranche 2011	Total
Inventory on Jan. 1, 2016 (units)	146,508	105,254	68,702	124,487	444,951
SARs expired in 2016 (units)	-3,205	-3,197	-1,747	-2,757	-10,906
Paid out in 2016 (units)	-7,750	–	–	–	-7,750
Inventory on Dec. 31, 2016 (units)	**135,553**	**102,057**	**66,955**	**121,730**	**426,295**
Expenses recognised in 2016 (€'000)	79	165	171	189	604
Income recognised in 2016 (€'000)	-7	-14	-8	-2	-31
	72	**151**	**163**	**187**	**573**
Expenses recognised in 2015 (€'000)	126	88	80	69	364
Income recognised in 2015 (€'000)	-20	-16	-16	-38	-90
	107	**72**	**64**	**32**	**274**
Provision as of Dec. 31, 2015 (€'000)	1,107	448	559	620	2,735
Provision as of Dec. 31, 2016 (€'000)	1,040	590	689	744	3,063
Inventory investment certificates on Jan. 1, 2016 (units)	439,524	315,762	108,362	–	863,648
Inventory investment certificates on Dec. 31, 2016 (units)	406,659	306,171	131,612	–	844,442

MLP has hedged the fair value risk attached to the measurement of the liability of the 2008 and 2009 tranches for the SARs and also the cash flow risk from the SARs allocated.

To hedge the cash flow risk, 925,000 certificates were initially acquired for the 2008 tranche and 600,000 certificates for the 2009 tranche, with the right to return them to the issuer at any time within the term of a tranche (or later) at the MLP share price valid at that time, minus a discount. The certificates have an unlimited term. MLP has therefore classified these certificates as equity instruments, which are recognised at fair value directly in equity. The fair value of the certificates is based directly on the price of the MLP share.

The expense and the provision from the participation programme are recognised pro rata temporis throughout the individual phases (vesting period). The provision is measured at fair value through profit and loss. The provision accrued on the respective closing date depends on the price of the MLP share, the number of SARs issued and the length of the remaining vesting period. To hedge the fair value risk associated with the measurement of the provision, MLP can sell the equity-based certificates listed above to the issuer and in return acquire limited term certificates. These represent debt instruments designated by MLP to be "measured at fair value through profit and loss" (fair value option).

By selling the equity-based certificates, measurement gains so far recognised directly in equity are realised and expenses from the increase in liability for the participation programme are compensated. The same applies to a decrease in expenses due to a drop in the price of the MLP share.

33 Leasing

The Group has concluded **operating leases as lessee** for various motor vehicles, administration buildings and office machines. The average term of the contracts is three years for motor vehicles, generally between five and ten years for buildings and four years for office machines. Some of the lease contracts also include extension options.

The following future minimum lease payments (face values) due to irredeemable operating leases were in place on the balance sheet date:

All figures in €'000	Up to 1 year	1–5 years	> 5 years	Total
Outsourcing IT technology	40,082	134,293	–	174,375
Rent on buildings	12,456	38,199	17,735	68,390
Rental/leasing liabilities	1,338	1,137	–	2,474
Purchase commitment	4,437	–	–	4,437
Other obligation	12,280	5,274	71	17,626
Total	**70,593**	**178,903**	**17,806**	**267,301**

IT technology outsourcing essentially relates to a long-term outsourcing contract with Hewlett Packard.

Rented offices were sublet in parts by the Group. For 2017, the subletting contract is expected to generate € 244 thsd.

34 Contingent assets and liabilities, as well as other liabilities

As it is composed of companies from different business segments, MLP is exposed to a variety of legal risks. These include, in particular, risks in the fields of warranty, taxes and litigation. The outcome of currently pending or future legal actions cannot be forecast with any degree of certainty and it follows that expenditure could be incurred as a result of unexpected decisions, which has not been fully covered by loan loss provisions or insurance policies and which is liable to have a material impact on the business and its results. In MLP's opinion, decisions producing a major negative effect on the net assets, financial position and results of operations at the Group's expense are not anticipated with regard to the currently pending legal actions.

On the balance sheet date, actions are pending due to incorrect disclosures in the capital market information published by the company. This predominantly concerns the years 2000 to 2002. However, MLP firmly believes that the actions will not be successful.

On the balance sheet date, there are € 2,934 thsd in contingent liabilities on account of sureties and warranties (face value of the obligation) (previous year: € 2,577 thsd) and irrevocable credit commitments (contingent liabilities) of € 72,231 thsd (previous year: € 60,033 thsd).

Reinsurance has been arranged for benefit obligations for independent commercial agents. Final liability for the benefit obligation lies with MLP in accordance with § 1 (1) Sentence 3 of the German Company Pension Law (BetrAVG). MLP does not currently anticipate any financial consequences as a result of this.

MLP Finanzdienstleistungen AG is a member in the depositors' guarantee fund of the Association of German Banks (BdB e.V.), Berlin, and in the Compensation Scheme of German Banks (EdB GmbH), also in Berlin. Obligations to make additional payments could potentially arise from the allocation obligation here.

35 Additional information on financial instruments

Classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their (hierarchical) tiers, are grouped into financial instrument classes and categories as shown in the following tables.

All figures in €'000							Dec. 31, 2016
	Carrying amount	Fair value					No financial instruments according to IAS32/39
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	**22,614**		**11,974**	**10,640**		**22,614**	
Fair Value Option	**1,385**		**1,385**			**1,385**	
Financial investments (share certificates and structured bonds)	1,385	–	1,385	–	–	1,385	–
Available-for-sale financial assets	**21,229**		**10,589**	**10,640**		**21,229**	
Financial investments (share certificates and investment fund shares)	5,706	–	5,440	265	–	5,706	–
Financial assets (bonds)	15,523	–	5,149	10,374	–	15,523	–
Financial assets measured at amortized cost	**1,640,832**	**676,701**	**28,150**	**427,964**	**549,080**	**1,681,895**	
Loans and receivables	**1,566,261**	**670,666**		**387,578**	**549,080**	**1,607,324**	
Receivables from banking business – clients	626,479	118,287	–	–	549,080	667,367	–
Receivables from banking business – banks	590,972	203,569	–	387,578	–	591,147	–
Financial investments (fixed and time deposits)	55,102	55,102	–	–	–	55,102	–
Financial investments (loans)	10,000	10,000	–	–	–	10,000	–
Other receivables and assets	98,880	98,880	–	–	–	98,880	23,896

Cash and cash equivalents	184,829	184,829	–	–	–	184,829	–
Held-to-maturity investments	**68,535**		**28,150**	**40,386**		**68,535**	
Financial assets (bonds)	68,535	–	28,150	40,386	–	68,535	–
Available-for-sale financial assets	**6,035**	**6,035**				**6,035**	
Financial assets (investments)	6,035	6,035	–	–	–	6,035	–
Financial liabilities measured at amortized cost	**1,419,782**	**1,357,944**		**61,362**		**1,419,306**	
Liabilities due to banking business – clients	1,271,070	1,245,925	–	25,158	–	1,271,083	–
Liabilities due to banking business – banks	37,720	1,027	–	36,204	–	37,231	–
Other liabilities	110,992	110,992	–	–	–	110,992	35,919
Sureties and warranties	**2,934**	**2,934**				**2,934**	
Irrevocable credit commitments	**72,231**	**72,231**				**72,231**	

All figures in €'000							Dec. 31, 2015
	Carrying amount					**Fair value**	**No financial instruments according to IAS32/39**
		Carrying amount corresponds to fair value	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value	**22,559**		**11,751**	**10,808**		**22,559**	
Fair Value Option	**1,217**		**1,217**			**1,217**	
Receivables from banking business – clients	–	–	–	–	–	–	–
Financial investments (share certificates and structured bonds)	1,217	–	1,217	–	–	1,217	–
Available-for-sale financial assets	**21,342**		**10,533**	**10,808**		**21,342**	
Financial investments (share certificates and investment fund shares)	5,714	–	5,408	306	–	5,714	–
Financial assets (bonds)	15,627	–	5,125	10,502	–	15,627	–
Financial assets measured at amortised cost	**1,436,119**	**576,604**	**40,522**	**398,862**	**449,368**	**1,465,355**	
Loans and receivables	**1,362,938**	**570,626**		**371,741**	**449,368**	**1,391,735**	
Receivables from banking business – clients	542,696	122,762	–	–	449,368	572,129	–
Receivables from banking business – banks	600,339	227,961	–	371,741	–	599,702	–
Financial investments (fixed and time deposits)	52,120	52,120	–	–	–	52,120	–
Financial investments (loans)	56	56	–	–	–	56	–
Other receivables and assets	90,187	90,187	–	–	–	90,187	22,344
Cash and cash equivalents	77,540	77,540	–	–	–	77,540	–
Held-to-maturity investments	**67,204**		**40,522**	**27,121**		**67,643**	
Financial assets (bonds)	67,204	–	40,522	27,121	–	67,643	–
Available-for-sale financial assets	**5,978**	**5,978**				**5,978**	
Financial assets (investments)	5,978	5,978	–	–	–	5,978	–
Financial liabilities measured at amortised cost	**1,231,767**	**1,187,505**		**43,704**		**1,231,209**	
Liabilities due to banking business – clients	1,102,569	1,080,352	–	22,318	–	1,102,670	–
Liabilities due to banking business – banks	23,095	1,050	–	21,386	–	22,436	–
Other liabilities	106,103	106,103	–	–	–	106,103	34,108
Sureties and warranties	**2,577**	**2,577**				**2,577**	
Irrevocable credit commitments	**60,033**	**60,033**				**60,033**	

Cash and cash equivalents, receivables and liabilities due to banking business without agreed terms to maturity, trade receivables, from companies in which the Group holds an interest and other assets all predominantly have short terms to maturity. Their carrying amounts on the balance sheet date are therefore almost identical to the fair values. The same applies to the trade accounts payable.

On the reporting date, MLP held financial guarantees in the form of avals of € 2,784 thsd (previous year: € 2,427 thsd). Within the scope of initial measurement, these financial guarantees are stated at their fair values and netted against the present values of agreed aval commission in accordance with IAS 39. If subsequent measurement results in a higher figure, this will be recognised as a financial liability in accordance with IAS 37.

Determining fair value

Insofar as there is an active market for financial assets and financial liabilities, the prices of the market with the greatest trading volume on the closing date are used as the basis for determining the fair value. With investment shares, the fair value corresponds to the redemption prices published by the capital investment companies. If there is no active market on the closing date, the fair value is determined using recognised valuation models.

For equity instruments of financial investments not listed on an active market, the fair value is generally determined on the basis of the gross rental method using non-observable parameters such as beta factors or risk-equivalent discount interest rates. If it is not possible to reliably determine the fair value, in particular due to a lack of necessary data on earning projections, equity instruments not listed on an active market are recognised at their acquisition costs, minus any impairments. As of the balance sheet date there is no indication of fair values being lower than carrying amounts. There are also no plans to dispose of these investments.

The valuation model for assets and liabilities assigned to tier 2 takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. The anticipated cash flows are adjusted for the effects of credit and default risks. When determining the fair value of financial investments, on the other hand, the discount rate is adjusted to include a credit spread.

The table below shows the valuation techniques that were used to determine tier 3 fair values, as well as the significant, non-observable input factors applied:

Type	Valuation technique	Significant, non-observable input factors	Relationship between significant, non-observable input factors and measurement at fair value
Receivables from banking business – clients with agreed maturity	The valuation model takes into account the present value of the anticipated future cash inflows/outflows throughout the remaining term, which are discounted using a risk-free discount rate. The discount rate is based on the current yield curve. Credit and default risks, administration costs and expected return on equity are taken into account when determining future cash flows.	Adjustment of cash flows by: • credit and counterparty default risks • administrative expenses • expected return on equity	The estimated fair value would increase (decrease) if: • the credit and default risk were to rise (fall) • the admin costs were to fall (rise) • the expected return on equity were fall (rise).

Net gains and losses from financial instruments are distributed among the categories of IAS 39 for financial assets and financial liabilities at the amounts specified:

All figures in €'000	2016	2015
Loans and receivables	17,625	19,870
Held-to-maturity investments	506	814
Available-for-sale financial assets	375	1,195
Financial instruments held for trading	–	–
Fair Value Option	168	-11
Financial liabilities measured at amortised cost	-1,195	-1,650

Net gains or net losses comprise gains and losses on fair value measurement through profit and loss, impairment losses and reversals of impairment losses, and gains and losses on the sale of the financial instruments concerned.

These items also include interest income and expenses, as well as dividends and income from financial assets derecognised in their entirety.

For financial instruments that were not measured at fair value through profit and loss, interest income of € 21,298 thsd (previous year: € 22,216 thsd) and interest costs of € 1,843 thsd (previous year: € 1,974 thsd) were made.

For impairment losses, we refer to the note on the items "Receivables from the banking business", "Other receivables and assets" and "Financial investments". Commission income and expenses that were not included in the process for determining the effective interest rate can primarily be attributed to early repayment penalties to a negligible extent.

The maximum default risk of the financial instruments held by MLP corresponds to the carrying amount.

36 Financial risk management

With the exception of the disclosures in line with IFRS 7.36-39 (b), the disclosures on the type and severity of risks resulting from financial instruments (IFRS 7.31-42) are included in the risk report of the joint management report and in → Note 35.

In the following maturity analysis, contractually agreed cash inflows are shown with a positive sign, while contractually agreed outflows of cash and cash equivalents are shown with a negative sign. For financial guarantees and credit commitments, the potential outflow of cash and cash equivalents is disclosed. The contractually agreed maturities do not correspond to the inflows and outflows of cash and cash equivalents actually expected – in particular in the case of the financial guarantees and credit commitments. Management of the default and liquidity risk is disclosed in the risk report of the group management report.

The tables below show the maturity structure of financial liabilities with contractually fixed terms to maturity:

Total cash flow (principal and interest)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2016	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**1,292,673**	**100,169**	**8,712**	**32,009**	**1,433,563**
Liabilities due to banking business – clients	1,245,925	25,207	–	–	1,271,132
Liabilities due to banking business – banks	1,027	-2,287	6,910	31,506	37,156
Other liabilities	45,721	77,249	1,802	503	125,275
Financial guarantees and credit commitments	**75,165**	**–**	**–**	**–**	**75,165**
Sureties and warranties	2,934	–	–	–	2,934
Irrevocable credit commitments	72,231	–	–	–	72,231
Total	**1,367,838**	**100,169**	**8,712**	**32,009**	**1,508,728**

Total cash flow (principal and interest)

Total cash flow (principal and interest) in €'000 as of Dec. 31, 2015	Due on demand	Up to 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities	**1,120,711**	**86,445**	**7,576**	**16,877**	**1,231,608**
Liabilities due to banking business – clients	1,080,352	22,267*	–	–	1,102,619
Liabilities due to banking business – banks	1,050	87	5,494	16,256	22,886
Other liabilities	39,309	64,091	2,082	621	106,103
Financial guarantees and credit commitments	**62,610**	**–**	**–**	**–**	**62,610**
Sureties and warranties	2,577	–	–	–	2,577
Irrevocable credit commitments	60,033	–	–	–	60,033
Total	**1,183,321**	**86,445**	**7,576**	**16,877**	**1,294,218**

* Previous year's values adjusted

37 Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Boards issued a declaration of compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to the shareholders via its website, **www.mlp-ag.**com and in the corporate governance report of this Annual Report.

38 Related parties

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Uwe Schroeder-Wildberg, Heidelberg Chairman responsible for Strategy, Communication, Policy/Investor Relations, Marketing, Sales	• FERI AG, Bad Homburg v.d.H. (Chairman)	–
Reinhard Loose, Berlin responsible for Compliance, Controlling, IT, Group Accounting, Risk Management, Internal Audit, Legal, Human Resources	• DOMCURA AG, Kiel • F&F Makler AG, Hamburg (until August 2016) • Nordische Informations-Technologie AG, Kiel (until September 2016)	–
Manfred Bauer, Leimen Responsible for Product management	• DOMCURA AG, Kiel (Chairman) • F&F Makler AG, Hamburg (Chairman) (until August 2016) • Nordische Informations-Technologie AG, Kiel (Chairman) (until September 2016)	• MLP Hyp GmbH, Wiesloch (Supervisory Board)

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
Dr. Peter Lütke-Bornefeld, Everswinkel Chairman Formerly chairman of the Board General Reinsurance AG, Cologne	• VPV Lebensversicherungs-AG, Stuttgart (until June 2016) • VHV Vereinigte Hannoversche Versicherung a.G., Hanover (Chairman) • VHV Holding AG, Hanover (Chairman) • VHV Allgemeine Versicherung AG, Hanover • Hannoversche Direktversicherung AG, Hanover (until June 2016) • Hannoversche Lebensversicherung AG, Hanover • MLP Finanzdienstleistungen AG, Wiesloch (Chairman)	• ITAS Mutua, Trento, Italy (Member of the Governing Board)
Dr. h.c. Manfred Lautenschläger, Gaiberg Vice Chairman Formerly Chairman of the Executive Board MLP AG, Wiesloch	–	• University Hospital Heidelberg, Heidelberg (Supervisory Board)
Dr. Claus-Michael Dill, Murnau Formerly Chairman of the Executive Board AXA Konzern AG, Cologne	• HUK-COBURG Holding AG, Coburg • HUK-COBURG Haftpflicht-Unterstützungs-Kasse kraftfahrender Beamter Deutschlands a.G., Coburg • HUK-COBURG-Allgemeine Versicherung AG, Coburg • XL Catlin Europe SE, Cologne (until December 2016)	• XL Catlin Re Switzerland AG, Zurich, Switzerland (Member of the Governing Board) • XL Group plc, Dublin, Ireland (Non-Executive Director) (until June 2016) • XL Group Ltd., Hamilton/Bermuda (Non-Executive Director) (since July 2016) • XL Europe Re SE, Dublin, Ireland (Non-Executive Director) (since February 2016)
Tina Müller, Frankfurt am Main Chief Marketing Officer and Managing Director at Opel Group GmbH, Rüsselsheim	• STADA Arzneimittel AG, Bad Vilbel (since August 2016)	–
Burkhard Schlingermann, Dusseldorf Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch Member of the works council of MLP AG and MLP Finanzdienstleistungen AG, Wiesloch	• MLP Finanzdienstleistungen AG, Wiesloch (Employees' representative)	–
Alexander Beer, Karlsruhe Employees' representative Employee of MLP Finanzdienstleistungen AG, Wiesloch	–	–

Related persons

Within the scope of the ordinary business, legal transactions were made between individual Group companies and members of the Executive Board and the Supervisory Board as well as related parties. The legal transactions refer to the payment transactions and securities services of € 1,663 thsd (previous year: € 1,772 thsd). The legal transactions were completed under standard market or employee conditions.

As of the reporting date of December 31, 2016, members of the Executive Bodies had current account credit lines and surety loans totalling € 556 thsd (previous year: € 544 thsd). Surety loans are charged an interest rate of 1.0% (previous year: 1.0%) and the current account debits 6.25% to 8.50% (previous year: 6.50% to 8.75%).

The total remuneration for members of the Executive Board active on the reporting date is € 2,443 thsd (previous year: € 2,029 thsd). Of which € 1,344 thsd (previous year: € 1,344 thsd) is attributable to the fixed portion of remuneration and € 1,099 thsd (previous year: € 685 thsd). In the financial year, expenses of € 290 thsd (previous year: € 290 thsd) were accrued for occupational pension provision. As of December 31, 2016, pension provisions of € 18,109 thsd were in place for former members of the Executive Board (previous year: € 16,169 thsd).

Variable portions of remuneration comprise long-term remuneration components.

The members of the Supervisory Board received non-performance-related remuneration of € 500 thsd for their activities in 2016 (previous year: € 494 thsd). In addition, € 17 thsd (previous year: € 17 thsd) was paid as compensation for expenses and training measures.

For the detailed structure of the remuneration system and the remuneration of the Executive Board and Supervisory Board, please refer to the remuneration report in the → "Corporate governance" chapter. The remuneration report is part of the management report.

Related companies

Alongside the consolidated subsidiaries, MLP AG comes into direct and indirect contact and has relations with a large number of companies within the scope of its ordinary business. This also includes subsidiaries, which are non-consolidated for reasons of materiality, as well as associates. All business dealings are concluded at conditions and terms customary in the industry and which as a matter of principle do not differ from delivery and service relationships with other companies. The services performed for the companies listed in the following essentially concern remuneration for wealth management and consulting, as well as brokerage, sales and trailer commission.

Transactions were carried out with major related companies, which led to the following items in the consolidated financial statements:

Related companies 2016

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,074	7	–
MLP Hyp GmbH, Wiesloch	224	18	7,108	49
Michel & Cortesi Assetmanagement AG, Zurich	369	106	142	–
Coresis Management GmbH, Bad Homburg v. d. Höhe	23	–	64	625
AIF Komplementär GmbH, Munich	–	23	21	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	120	–
FPE Private Equity Koordinations GmbH, Munich	–	–	47	–
DIEASS GmbH, Kiel	–	9	5	9
Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel	–	25	5	60
Walther GmbH Versicherungsmakler, Hamburg	0	–	99	–
Total	**617**	**2,255**	**7,618**	**743**

Related companies 2015

All figures in €'000	Receivables	Liabilities	Income	Expenses
MLP Consult GmbH, Wiesloch	–	2,082	–	13
MLP Hyp GmbH, Wiesloch	179	–	6,203	63
Michel & Cortesi Assetmanagement AG, Zurich	633	–	347	134
Coresis Management GmbH, Bad Homburg v. d. Höhe	12	–	62	727
US Treuhand Vertriebsgesellschaft mbH, Bad Homburg v. d. Höhe	–	–	81	57
AIF Komplementär GmbH, Munich	–	48	171	27
FPE Direct Coordination GmbH, Munich	–	–	12	–
FPE Private Equity Beteiligungs-Treuhand GmbH, Munich	–	–	150	–
FPE Private Equity Koordinations GmbH, Munich	–	–	55	–
DIEASS GmbH, Kiel	–	5	–	5
Portus Assekuranz Vermittlungsgesellschaft mbH, Kiel	–	15	–	15
Nordische Informations-Technologie AG, Kiel	10	–	11	–
Walther GmbH Versicherungsmakler, Hamburg	0	24	–	24
Total	**834**	**2,174**	**7,092**	**1,063**

39 Number of employees

The average number of staff employed fell from 1,802 in 2015 to 1,768 in 2016.

			2016			2015
		of which executive employees	of which marginal part-time employees		of which executive employees	of which marginal part-time employees
Financial services	1,275	25	48	1,300	28	75
FERI	223	7	49	235	9	54
DOMCURA	264	7	16	261	7	25
Holding	7	2	–	7	2	–
Total	**1,768**	**41**	**112**	**1,802**	**46**	**154**

An average of 116 people (previous year: 111) underwent vocational training in the financial year.

40 Auditor's fees

The total fees for services performed by the auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main in the financial year 2016 (including expenses, but excluding statutory value added tax) are as follows:

All figures in €'000	2016	2015
Audit services	606	680
Other assurance services	93	99
Tax advisory services	–	21
Other services	112	107
Total	**811**	**907**

The item Audit services contains the fees paid for the audit of the consolidated financial statements and for the audit of the other legally stipulated financial statements of MLP AG and its subsidiaries.

41 Disclosures on equity / capital control

A primary objective of equity control is to ensure that the legal solvency regulations for banking and financial services businesses, which prescribe a minimum capital adequacy, are fulfilled and that the sound quantitative and qualitative equity base is strengthened. At MLP, the examinations for the purpose of complying with the solvency regulations, which came into force on January 1, 2014, as well as Article 7 and Article 11 et seq. of EU Directive No. 575/2013 of the European Parliament and Council from June 26, 2013 regarding the supervisory requirements of financial institutions and investment firms, are performed on a consolidated basis (Group). As per Article 11 of the CRR, the relevant Group includes MLP AG, Wiesloch, MLP Finanzdienstleistungen AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, FERI Trust GmbH, Bad Homburg v. d. Höhe, FEREAL AG, Bad Homburg v. d. Höhe, FERI Trust (Luxembourg) S. A., Luxembourg, ZSH GmbH Finanzdienstleistungen, Heidelberg, as well as Schwarzer Familienholding GmbH, Kiel (SFH Group).

Pursuant to the CRR, the following companies of the SFH Group are to be classified as “other companies”. As was the case in the previous year they are voluntarily included in the scope of consolidation: DOMCURA AG, Kiel, with its subsidiary NORDVERS GmbH, Kiel, nordias GmbH Versicherungsmakler, Kiel, with its subsidiaries Willy F. O. Köster GmbH, Hamburg and Siebert GmbH Versicherungsmakler, Arnstadt.

Pursuant to the CRR, the following companies are not included in the Group as "Other companies": MLPdialog GmbH, Wiesloch, MLP Hyp GmbH, Wiesloch. At TPC GmbH, Hamburg, use is made of an exemption as per Article 19 of the CRR. These deviations from the IFRS scope of consolidation are considered insignificant.

In deviation from the disclosures in the 2015 Annual Report, the following companies are no longer included in the supervisory scope of consolidation as per CRR: F & F Makler AG, Hamburg (merged into nordias GmbH Versicherungsmakler, Kiel) and Ralf W. Barth GmbH, Hamburg (merged into nordias GmbH Versicherungsmakler, Kiel).

As a depository institution, MLP Finanzdienstleistungen AG, Wiesloch is the controlling institution as per Article 11 of the CRR.

The following means and measures for controlling and adjusting the equity capital of the Group are available to MLP: (I) Issuing new shares and (II) Making transfers to the statutory reserve to strengthen Tier 1 capital.

Pursuant to Article 92 et seq. of the CRR, MLP is obliged to back its capital adequacy requirements for both counterparty default risks and the operational risk at Group level with at least 8.625% eligible own funds (equity ratio) (previous year: 8.0%).

MLP applies the standardised approach to credit risk for determining the risk-weighted exposure values (counterparty default risks) in accordance with Article 111 et seq. of the Capital Requirements Regulation (CRR). The basic indicator approach is used for determining the amount for the operational risk (Article 315 et seq. of the CRR).

As in the previous year, the backing of risk assets with eligible own funds for Tier 1 capital generally requires a minimum ratio of 4.5% throughout.

As per Article 25 et seq. of the CRR, the Group's Tier 1 capital includes the following equity items of IFRS capital: share capital, capital reserves, statutory reserve and retained earnings. Among other factors, the following serve to reduce Tier 1 capital: intangible assets, treasury stock, goodwill.

As in the previous year, MLP has fulfilled all legal requirements relating to the minimum core capital backing during the financial year 2016. The relationship between core capital requirement and core capital as of the balance sheet date is illustrated below.

All figures on the basis of the financial statements in €'000	2016	2015
Tier 1 common capital	214,655	211,250
Tier 1 additional capital	–	–
Tier 2 capital	–	–
Eligible own funds	214,655	211,250
Capital adequacy requirements for counterparty default risks	75,502	70,392
Capital adequacy requirements for operational risk	45,793	47,532
Equity ratio (at least 8.625 %)(at least 8% + 0.625% (previous year 0.0%) capital conservation buffer)	14.16	14.33
Tier 1 common capital ratio (at least 4.5 %)	14.16	14.33

42 Events subsequent to the reporting date

On February 21, 2017 the MLP AG Supervisory Board consented to the change of Group structure passed by the Executive Board. Through a legal corporate separation of MLP Finanzdienstleistungen AG, the regulated banking business will be united in one company and the brokerage and consulting business in the other. Furthermore, the supervisory scope of consolidation will be narrowed down.

The objective of bundling the banking activities is to significantly increase free regulatory equity capital. On the basis of the current capital adequacy requirements, we expect the free equity capital to increase gradually by around € 75 million by the end of 2021. MLP will thereby expand its scope for action above all for acquisitions and investments, but also in terms of the distribution of dividends.

The new Group structure also has an effect on the anticipated business development. For details see the Forecast section of the Annual Report. For the implementation of the aforementioned measures, we anticipate one-off expenses of € 9 million in the financial year 2017. Taking these one-off expenses into account, MLP expects earnings before interest and tax (EBIT) of at least € 36 million for 2017.

The Executive Board intends to base its dividend proposal for the financial year 2017 on the operating net profit (before one-off expenses) and will maintain a distribution rate of 50 to 70 percent.

It is anticipated that the measures will be implemented in early 2018, assuming final approval is given by the Federal Financial Supervisory Authority (BaFin).

Beyond this there were no appreciable events after the balance sheet date affecting the net assets, financial position and results of operations of the Group.

43 Release of consolidated financial statements

The Executive Board prepared the consolidated financial statements on February 23, 2017 and will present them to the Supervisory Board on March 15, 2017 for publication.

Wiesloch February 23, 2017
MLP AG
Executive Board

Dr. Uwe Schroeder-Wildberg	Manfred Bauer	Reinhard Loose